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AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 22, 2002

TO: Tim Gallagher, Director
Department of Parks and Recreation

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **GOLF COURSE STARTER AUDITS**

At your request, we have completed unannounced golf course starter audits at 16 golf courses. The purpose of our review was to determine if players on the course had a valid cash register receipt and were listed on the official starter sheet. In addition, we reconciled starter sheets to cash register totals to obtain reasonable assurances that all players listed on the starter sheet had their green fees recorded in the cash register. We also determined whether rental fees from golf carts observed on the course were recorded in the cash register and also observed whether the golf courses have appropriate signage.

SUMMARY OF FINDINGS

We found significant problems at the Whittier Narrows and Lakewood golf courses. At Whittier Narrows, we observed seven players on the course who did not have a cash register receipt and were not recorded on the starter sheet. In addition, we identified six golf carts on the course that were not recorded in the cash register. In total, we determined that approximately \$200 in fees were not recorded in the cash register.

We also noted 22 golfers listed on Whittier Narrows' starter sheet that we did not encounter on the course. Based on the golfers' start time, we logically should have encountered them. Although it is not unusual for some players to leave before finishing play, 22 seems unusually high. During our cash count, the starter left his work site and went on the course in a cart, indicating he may have asked golfers to leave. Of the 22 golfers, 17 (77%) were recorded as paying the lower senior citizens' rate. Your staff stated that Whittier Narrows management has disciplined the starter on duty and the individual responsible for starter staff. In addition, management has reviewed County starter procedures with all pertinent staff.

At Lakewood, we interviewed five players who did not have a receipt, but were listed on the starter sheet. However, a review of the cash register tape showed that their \$138.50 collection had been voided. We concluded that either the starter misappropriated the collections or let the players play for free. Based on discussions with your staff, the starter was terminated by the golf course operator after admitting to letting friends play for free.

At the remaining 14 courses, we interviewed a total of 1,175 players. Of these, 473 (40%) did not have a cash register receipt. We were able to trace 471 of the 473 players' names to starter sheets. In addition, by comparing the starter sheets to cash register totals, we obtained reasonable assurances that green fees collected from these 471 players were recorded in the cash register. The remaining two players were not recorded on Eaton Canyon's starter sheet and we determined that fees collected from the players, if any, were not recorded in the cash register.

Details of these and other findings are contained in the Comments and Recommendation section of our report. Attachment I provides a listing of our observations at each course.

COMMENTS AND RECOMMENDATIONS

Cash Register Receipts

Chapter 3, Section C, of the Golf Course Operations Manual requires that the starter provide a cash register receipt to each player and advise the player to retain the receipt until play has been completed. Our review of the cashiering/starter operations at the 16 golf courses disclosed the following:

Whittier Narrows and Lakewood

At Whittier Narrows, we interviewed 55 golfers and noted 21 (38%) did not have a cash register receipt. We attempted to trace these 21 players' names to the official starter sheet, but could not locate seven players' names. Based on a review of the detailed cash register tape, we determined that \$84 in green fees for these seven players were not recorded in the cash register. While on the golf course, we also identified six golf carts (including four used by the seven players) that were not recorded in the cash register. Total revenue associated with the six carts is approximately \$100.

We also noted there were 22 players on the starter sheet that we did not encounter during our interviews. Based on the golfers' start times, we logically should have encountered them on the course. Although it is not unusual for some players to leave

before finishing play, it is highly doubtful that 22 golfers would leave before finishing play. We believe that the starter may have allowed some of these golfers to play at reduced rates. For example:

- Of the 22 players, 17 were recorded in the register at the Senior Citizen rate (which is one-half the regular price).
- Seven players were not listed on the starter's log at the first hole.
- Only \$80 (an average of \$3.64 per golfer) in cart rental fees were collected from these 22 players. By comparison, cart rental fees collected from golfers who possessed a receipt (34 golfers) totaled \$244, an average of \$7.18.

It should also be noted that the starter left the pro-shop during our cash count without explaining why he was leaving. Approximately thirty minutes later, the starter was observed in a cart coming off the course. Whittier Narrows' General Manager stated that starters usually do not have a reason for going onto the course. It is possible that we did not encounter the players on the course because the starter may have advised some of the players to leave the course because they did not pay the appropriate fees.

At Lakewood, we interviewed five players who did not have a receipt, but were listed on the starter sheet. However, a review of the cash register tape showed that their \$138.50 collection had been voided. We concluded that the starter either misappropriated the collections or let the players play for free. Based on discussions with your staff, the starter was terminated by the golf course operator after admitting to letting friends play for free.

The Department of Parks and Recreation (DPR) should conduct follow-up visits to these two courses to ensure these golf course operators are properly accounting for their revenues.

Recommendation

- 1. DPR conduct follow-up visits to Whittier Narrows and Lakewood to ensure these golf course operators are properly accounting for their revenues.**

Remaining Golf Courses

At the remaining 14 courses, we interviewed a total of 1,175 golfers and noted that 473 (40%) were unable to provide us with a receipt (see Attachment II for details). We were able to trace 471 of the 473 players' names to starter sheets. In addition, by comparing the starter sheets to cash register totals, we obtained reasonable assurances that green fees collected from these 471 players were recorded in the cash register.

Two players at Eaton Canyon that we interviewed did not have a receipt and were not listed on the starter sheet. We determined that fees collected from these two players, if any, were not recorded in the cash register. However, it should be noted that there were two players listed on the starter sheet, and whose fees were recorded in the cash register, that we did not interview. Based on their start time, we should have encountered them on the course. We observed that the two players that were not on the starter sheet had cart #45. The Cart Rental Agreement Log showed cart #45 rented to the players that were on the starter sheet that we did not interview. Also, this course had a \$133 overage in the cash register.

The high percentage of players without receipts can be partly attributed to a lack of signs at the courses informing players to retain their receipts (see the "Signage" section of our report). At Diamond Bar and Eaton Canyon, we observed several instances where the starter did not provide the player with a receipt.

Requiring starters to provide players with cash register receipts reduces the likelihood of misappropriations occurring. Therefore, DPR should remind golf course operators of their responsibility to provide players with receipts and to ensure that the players keep their receipts until they have completed their play. In addition, DPR should periodically follow-up to ensure compliance.

Recommendation

- 2. DPR remind golf course operators of their responsibility to provide players with receipts and to ensure that the players keep their receipts until they have completed their play. DPR periodically follow-up to ensure compliance.**

Cart Rental Agreements

Chapter 6, Exhibit H, of the Golf Course Operations Manual requires golf course starters to complete an Electric Cart Daily Rental Agreement (Agreement) for each cart rented. Required information on the Agreement includes the Agreement receipt number, cart number, fee, cash register receipt number, and the starter's initials. By signing the Agreement, the player agrees to pay for any damages to the cart or for any bodily injury or property damage caused by the player's use of the cart.

The Golf Course Operations Manual also requires golf courses to maintain a duplicate journal (Cart Rental Agreement Log) of Agreements. Each entry on the Log is a carbon copy of information recorded on the Agreements. If properly maintained, the total of all fees paid per the Log should equal cart rental revenue per the cash register tape.

We noted that several courses do not adequately maintain the Cart Rental Agreement Log. For example, at the time of our cash count, Chester Washington's cash register tape showed \$1,158 collected. However, the Log reflected only \$504 in rental fees collected. We observed 53 carts in use by golfers at Chester Washington. Of these, 31

(58%) carts were not recorded on the Log. At Diamond Bar, we noted that the Log did not contain key information, such as the fee paid, Agreement receipt number, and cash register receipt number. Attachment I provides details for other courses that did not adequately maintain the Cart Rental Agreement Log.

DPR should remind golf course starters of their responsibilities for completing Electric Cart Daily Rental Agreements and Cart Rental Agreement Logs, and periodically follow-up to ensure compliance. This will help ensure that golfers are aware of their financial responsibility for damages arising from the use of the carts. It will also help ensure that starters properly account for revenue collected.

Recommendation

- 3. DPR remind golf course starters of their responsibilities for completing Electric Cart Daily Rental Agreements and Cart Rental Agreement Logs, and periodically follow-up to ensure compliance.**

Signage

At the Department's request, we tested to determine whether the following signs were posted at each of the 16 courses:

- a) A sign clearly posted indicating that players must retain their cash register receipt.
- b) A sign clearly posted indicating that tipping is against County policy.
- c) A sign stating that the County will not be responsible for any personal property lost, stolen, or missing. Chapter 4, Section D, of the Golf Course Operations Manual requires golf course operators to post this sign.

We noted the following (details are contained in Attachment III):

- Thirteen (81%) courses did not have a sign addressing retention of cash register receipts.
- Eleven (69%) courses did not have a sign addressing tipping.
- Ten (63%) courses did not have a sign regarding the County's non-liability for personal property.

DPR should monitor golf course operators to ensure that appropriate signage is posted at each course.

Recommendation

- 4. DPR monitor golf course operators to ensure that appropriate signage is posted at each course.**

Review of Report

We discussed our report with your staff. They concurred with the findings and indicated that action will be taken to implement the recommendations. We would like to thank DPR management and staff for their assistance during our review. If you have any questions, please contact me or your staff may contact DeWitt Roberts at (213) 974-0301.

JTM:DR:RD

c: Board of Supervisors
David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

Golf Course Observations

Alondra – August 26, 2002

- We interviewed 123 players and noted that approximately 5% did not have a cash register receipt. However, all players without receipts were traced to the starter sheet.

Altadena – August 27, 2002

- We interviewed 30 players and noted that all 30 did not have a cash register receipt. However, all 30 players were traced to the starter sheet.

Chester Washington – August 22, 2002

- We interviewed 123 players and noted 20 (16%) did not have a cash register receipt. However, all 20 players were traced to the starter sheet.
- Chester Washington does not adequately maintain the Cart Rental Agreement Log. At the time of our cash count, the Log reflected \$504 in cart rental fees collected. However, the cash register tape showed \$1,158 collected. We observed 53 carts used by the 123 players. Of these, 31 (58%) carts were not recorded on the Log.

Diamond Bar – August 22, 2002

- Approximately 80% of the 85 players interviewed did not have a cash register receipt. We observed several instances where the starter did not offer a receipt to the customer. All players without receipts were traced to the starter sheet.
- Diamond Bar does not adequately maintain the Cart Rental Agreement Log. For example, key information such as the fee paid, Electric Cart Daily Rental Agreement receipt number, and cash register receipt number are not recorded on the Log. In addition, at the time of our cash count, the starter sheet showed 36 carts rented. However, only 18 carts had been recorded on the Log.

Eaton Canyon – August 22, 2002

- We interviewed 44 players and noted 42 (95%) did not have a cash register receipt. Of the 42, we were able to trace 40 (95%) players to the starter sheet. The remaining two players were not recorded on the starter sheet. However, it should be noted that there were two players listed on the starter sheet that we did not interview. Based on their start time, we should have encountered them on the course. We observed that the two players who were not on the starter sheet had cart #45. The Cart Rental Agreement Log shows cart #45 rented to the players who were on the starter sheet that we did not interview.

- We observed that the starter frequently does not provide players with a receipt. During our cash count, we noted several original cash register receipts (the players' copy) still attached to the cash register.
- The cash register contained a \$133 overage, which golf course personnel were unable to explain.

El Cariso – August 20, 2002

- We interviewed 73 players and noted seven (10%) did not have a cash register receipt. However, all seven players were traced to the starter sheet.

Knollwood – August 22, 2002

- We interviewed 74 players and noted four (5%) did not have a cash register receipt. However, all four players were traced to the starter sheet.
- Knollwood does not adequately maintain the Cart Rental Agreement Log. At the time of our cash count, the Log reflected \$489 in cart rental fees collected. However, the cash register tape showed \$707 collected. This indicates that not all carts rented are recorded on the Log.

La Mirada – August 22, 2002

- We interviewed 109 players and noted 77 (71%) did not have a cash register receipt. However, all 77 players were traced to the starter sheet.
- La Mirada does not adequately maintain the Cart Rental Agreement Log. At the time of our cash count, the Log reflected \$865 in cart rental fees collected. However, the cash register tape showed \$962 collected. This indicates that not all carts rented are recorded on the Log. In addition, the cart number was not recorded for 28 (67%) of 42 carts listed on the Log.

Lakewood – August 22, 2002

- We interviewed 64 players and noted 42 (66%) did not have a cash register receipt. All players without receipts were traced to the starter sheet.
- We interviewed five players who did not have a receipt, but were listed on the starter sheet. However, a review of the cash register tape showed that their \$138.50 collection had been voided. We concluded that the starter either misappropriated the collections or let the players play for free.
- Lakewood does not adequately maintain the Cart Rental Agreement Log. For example, key information such as the cart number and fee paid are not recorded on the Log. In addition, at the time of our cash count, 22 carts had been recorded on

the Log. However, the starter sheet shows 44 carts rented. This indicates that not all carts rented are recorded on the Log.

Los Amigos – August 26, 2002

- We interviewed 102 players and noted 96 (94%) did not have a cash register receipt. However, all 96 players were traced to the starter sheet.
- We observed one cart during our interviews that appeared on the Cart Rental Agreement Log. However, the \$24 fee was not recorded in the cash register.

Los Verdes – August 22, 2002

- We interviewed 111 players and noted 16 (14%) did not have a cash register receipt. However, all 16 players were traced to the starter sheet.
- Los Verdes does not require all players to sign an Electric Cart Daily Rental Agreement. For example, during our interviews, we observed 30 carts rented by tournament players. None of these carts were recorded on the Cart Rental Agreement Log.

Marshall Canyon – August 27, 2002

- We interviewed 57 players and noted 29 (51%) did not have a cash register receipt. However, all 29 players were traced to the starter sheet.

Mountain Meadows – August 26, 2002

- We interviewed 47 players and noted 17 (36%) did not have a cash register receipt. However, all 17 players were traced to the starter sheet.
- Mountain Meadows does not adequately maintain the Cart Rental Agreement Log. At the time of our cash count, the Log reflected \$363 in cart rental fees collected. However, the cash register tape showed \$442 collected. This indicates that not all carts rented are recorded on the Log.

Santa Anita – August 27, 2002

- We interviewed 102 players and noted 61 (60%) did not have a cash register receipt. However, all 61 players were traced to the starter sheet.
- Santa Anita does not adequately maintain the Cart Rental Agreement Log. At the time of our cash count, the Log reflected \$692 in cart rental fees collected. However, the cash register tape showed \$744 collected. We identified two carts that were not recorded on the Log.

- The two cash registers each contained an overage for a total of \$35, which golf course personnel were unable to explain.

Victoria – August 26, 2002

- We interviewed 95 players. All 95 players had a cash register receipt.

Whittier Narrows – August 20, 2002

- We interviewed 55 players and noted 21 (38%) did not have a cash register receipt. Of these, we were unable to trace seven players to the starter sheet. Based on a review of the detailed cash register tape, we conclude that their fees were not recorded in the cash register. The total fees not recorded were \$84.
- We identified six carts (including four used by the seven players previously mentioned) that were not recorded in the cash register. The total revenue associated with these six carts is approximately \$100.
- The Cart Rental Agreement Log does not show cart numbers assigned.
- We noted 22 players listed on the starter sheet that we did not interview. Based on the players' start times, we logically should have encountered them on the course. It is not unusual for some players to leave before finishing play. However, 22 players leaving early seem unusually high. We believe that the starter may have allowed some of these golfers to play at reduced rates. For example, 17 players were recorded in the register at the Senior Citizen rate (which is ½ the regular price), seven players were not listed on the starter's log at the first hole, and only \$80 (an average of \$3.64 per golfer) in cart rental fees were collected from these 22 players. By comparison, cart rental fees collected from golfers who possessed a receipt (34 golfers) totaled \$244, an average of \$7.18.

It should also be noted that the starter left the pro-shop during our cash count without explaining why he was leaving. Approximately thirty minutes later, the starter was observed in a cart coming off the course. Whittier Narrows' General Manager stated that starters usually do not have a reason for going onto the course. It is possible that we did not encounter the players on the course because the starter may have advised some of the players to leave the course because they did not pay the appropriate fees.

PLAYERS WITHOUT CASH REGISTER RECEIPTS					
	Golf Course	# of Players Interviewed	# of Players Without Receipt	% of Players Without Receipt	# of Players Not on Starter Sheet
1.	Alondra	123	6	5%	0
2.	Altadena	30	30	100%	0
3.	Chester Washington	123	20	16%	0
4.	Diamond Bar	85	68	80%	0
5.	Eaton Canyon	44	42	95%	2
6.	El Cariso	73	7	10%	0
7.	Knollwood	74	4	5%	0
8.	La Mirada	109	77	71%	0
9.	Lakewood	64	42	66%	5
10.	Los Amigos	102	96	94%	0
11.	Los Verdes	111	16	14%	0
12.	Marshall Canyon	57	29	51%	0
13.	Mountain Meadows	47	17	36%	0
14.	Santa Anita	102	61	60%	0
15.	Victoria	95	0	0%	0
16.	Whittier Narrows	55	21	38%	7
	Totals	1,294	536	41%	14

SUMMARY OF POSTED SIGNS																	
	Alondra	Altadena	Chester Washington	Diamond Bar	Eaton Canyon	El Cariso	Knollwood	La Mirada	Lakewood	Los Amigos	Los Verdes	Marshall Canyon	Mountain Meadows	Santa Anita	Victoria	Whittier Narrows	Total "N"s
a) A sign is clearly posted indicating that players must retain their cash register receipt.	N	N	N	N	N ¹	N	Y	N ²	N ¹	Y	N ¹	Y	N	N ¹	N	N	13
b) A sign is clearly posted indicating that tipping is against County policy.	N	N	N	N	N ¹	Y	Y	N ²	N ¹	Y	N ¹	Y	Y	N ¹	N	N	11
c) A sign is posted stating that the County will not be responsible for any personal property lost, stolen, or missing.	N	N	N	Y	Y	N	N	Y	N	N	Y	Y	N	N	N	Y	10

Comments:

- ¹ The course has a sign, but it is not prominently displayed (e.g. sign regarding cash register receipts is not near the cash register or is difficult to see).
- ² Signs were posted at the entrance of the golf shop. However, this location also has a walk-up window where the signs at the entrance are not visible to customers.